

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	Case No. 1:19-cv-816
)	
v.)	
)	
MICHAEL SCHULZE,)	
and KATHLEEN SCHULZE,)	
)	
<u>Defendants.</u>)	

COMPLAINT

Plaintiff United States of America, pursuant to 26 U.S.C. § 7401, with the authorization of a delegate of the Secretary of the Treasury and at the direction of a delegate of the acting Attorney General, brings this civil action to reduce to judgment certain unpaid joint federal tax liabilities of Defendants Michael Schulze and Kathleen Schulze. In support of this action, the United States alleges, as follows:

Jurisdiction, Venue, and Parties

1. Jurisdiction over this action is conferred upon this Court under 28 U.S.C. §§ 1331, 1340, and 1345, and 26 U.S.C. §§ 7402 and 7403.

2. Defendant Michael Schulze and Defendant Kathleen Schulze reside in Northbrook, Illinois, which is within the jurisdiction of this Court.

Count to Reduce Michael Schulze and Kathleen Schulze's Tax Liabilities to Judgment

3. On the dates, in the amounts, and for the years set forth below, a delegate of the Secretary of the Treasury made assessments against Michael Schulze and Kathleen Schulze, jointly, for unpaid federal income taxes, penalties, and interest, which have balances due after

accounting for all payments and credits and with accruals and costs as of November 19, 2018, as follows:

Tax Period	Assessment Date	Assessment Type	Assessed Amount
2000	05/14/2007	Tax Assessed	\$12,906.00
	05/14/2007	Failure to Pre-Pay Tax Penalty	\$223.47
	05/14/2007	Late Filing Penalty	\$1,318.05
	05/14/2007	Interest Assessed	\$3,131.57
	05/14/2007	Late Payment Penalty	\$1,464.50
	04/26/2010	Additional Tax Assessed	\$24,789.00
	04/26/2010	Late Payment Penalty	\$6,193.50
	04/26/2010	Late Filing Penalty	\$2,313.73
	06/16/2014	Interest Assessed	\$27,921.26
	06/19/2017	Interest Assessed	\$5,210.93
	06/18/2018	Interest Assessed	\$2,268.95
		Unpaid Balance with Interest as of 11/19/2018	\$56,272.54
2001	04/26/2010	Tax Assessed	\$27,569.00
	04/26/2010	Late Filing Penalty	\$4,720.05
	04/26/2010	Late Payment Penalty	\$5,244.50
	04/26/2010	Interest Assessed	\$15,231.04
	06/16/2014	Interest Assessed	\$6,727.77
	06/19/2017	Interest Assessed	\$5,704.92
	06/18/2018	Interest Assessed	\$2,517.08
		Unpaid Balance With Interest as of 11/19/2018	\$62,426.42
2002	06/06/2011	Tax Assessed	\$10,827.00
	06/06/2011	Failure to Pre-Pay Tax Penalty	\$139.69
	06/06/2011	Late Filing Penalty	\$1,090.12
	06/06/2011	Late Payment Penalty	\$1,211.25
	06/06/2011	Interest Assessed	\$3,376.07
	06/16/2014	Interest Assessed	\$1,050.82
	06/19/2017	Interest Assessed	\$1,263.13
	06/18/2018	Interest Assessed	\$557.31
		Unpaid Balance With Interest as of 11/19/2018	\$13,821.90

2003	08/29/2011	Tax Assessed	\$20,908.00
	08/29/2011	Failure to Pre-Pay Tax Penalty	\$115.72
	08/29/2011	Late Filing Penalty	\$3,176.55
	08/29/2011	Late Payment Penalty	\$3,529.50
	08/29/2011	Interest Assessed	\$8,881.42
	06/16/2014	Interest Assessed	\$2,638.88
	06/19/2017	Interest Assessed	\$3,500.51
	06/18/2018	Interest Assessed	\$1,544.48
		Unpaid Balance With Interest as of 11/19/2018	\$38,304.62
2004	05/14/2007	Tax Assessed	\$11,579.00
	05/14/2007	Late Filing Penalty	\$897.52
	05/14/2007	Late Payment Penalty	\$498.63
	05/14/2007	Interest Assessed	\$788.85
	06/16/2008	Late Payment Penalty	\$498.61
	12/27/2010	Additional Tax Assessed	\$10,595.00
	12/27/2010	Late Payment Penalty	\$2,648.76
	12/27/2010	Failure to Pre-Pay Tax Penalty	\$394.00
	12/27/2010	Late Filing Penalty	\$2,383.88
	06/16/2014	Interest Assessed	\$10,054.81
	06/19/2017	Interest Assessed	\$3,531.68
	06/18/2018	Interest Assessed	\$1,558.21
		Unpaid Balance With Interest as of 11/19/2018	\$38,645.62
2005	05/23/2011	Tax Assessed	\$15,286.00
	05/23/2011	Failure to Pre-Pay Tax Penalty	\$231.00
	05/23/2011	Late Filing Penalty	\$1,511.77
	05/23/2011	Late Payment Penalty	\$1,679.75
	05/23/2011	Interest Assessed	\$2,774.84
	06/16/2014	Interest Assessed	\$1,294.75
	06/19/2017	Interest Assessed	\$1,537.77
	06/18/2018	Interest Assessed	\$678.55
		Unpaid Balance With Interest as of 11/19/2018	\$16,828.71

2006	07/26/2010	Tax Assessed	\$25,523.00
	07/26/2010	Late Filing Penalty	\$4,322.70
	07/26/2010	Late Payment Penalty	\$3,842.40
	07/26/2010	Interest Assessed	\$4,496.65
	09/27/2010	Late Payment Penalty	\$275.28
	09/27/2010	Interest Assessed	\$206.15
	06/18/2012	Late Payment Penalty	\$670.32
	06/16/2014	Interest Assessed	\$4,126.03
	06/19/2017	Interest Assessed	\$3,998.52
	06/18/2018	Interest Assessed	\$1,764.19
		Unpaid Balance With Interest as of 11/19/2018	\$43,754.03
2007	03/29/2010	Tax Assessed	\$25,923.00
	03/29/2010	Late Filing Penalty	\$4,474.35
	03/29/2010	Late Payment Penalty	\$2,386.32
	03/29/2010	Interest Assessed	\$2,353.17
	06/21/2010	Late Payment Penalty	\$298.29
	06/18/2012	Late Payment Penalty	\$2,286.89
	06/16/2014	Interest Assessed	\$4,529.88
	06/19/2017	Interest Assessed	\$3,910.39
	06/18/2018	Interest Assessed	\$1,725.32
		Unpaid Balance With Interest as of 11/19/2018	\$42,789.78
2008	10/18/2010	Tax Assessed	\$33,261.00
	10/18/2010	Failure to Pre-Pay Tax Penalty	\$637.36
	10/18/2010	Late Filing Penalty	\$5,927.01
	10/18/2010	Late Payment Penalty	\$2,502.51
	10/18/2010	Interest Assessed	\$1,883.45
	06/18/2012	Late Payment Penalty	\$4,083.05
	06/16/2014	Interest Assessed	\$4,873.77
	06/19/2017	Interest Assessed	\$4,987.57
	06/18/2018	Interest Assessed	\$2,200.58
		Unpaid Balance With Interest as of 11/19/2018	\$54,576.76

2009	10/11/2010	Tax Assessed	\$16,187.00
	10/11/2010	Failure to Pre-Pay Tax Penalty	\$242.90
	10/11/2010	Late Payment Penalty	\$317.07
	10/11/2010	Interest Assessed	\$209.36
	06/18/2012	Late Payment Penalty	\$2,113.80
	06/24/2013	Additional Tax Assessed	\$1,500.00
	06/24/2013	Accuracy-Related Penalty	\$500.00
	06/16/2014	Late Payment Penalty	\$641.38
	06/16/2014	Interest Assessed	\$1,975.22
	06/19/2017	Late Payment Penalty	\$240.00
	06/19/2017	Interest Assessed	\$2,045.31
	06/18/2018	Interest Assessed	\$915.20
		Unpaid Balance With Interest as of 11/19/2018	\$22,698.03
2010	02/18/2013	Tax Assessed	\$16,917.00
	02/18/2013	Failure to Pre-Pay Tax Penalty	\$163.00
	02/18/2013	Late Filing Penalty	\$1,864.12
	02/18/2013	Late Payment Penalty	\$952.77
	02/18/2013	Interest Assessed	\$589.07
	06/16/2014	Late Payment Penalty	\$1,118.49
	06/16/2014	Interest Assessed	\$480.03
	06/19/2017	Late Payment Penalty	\$124.27
	06/19/2017	Interest Assessed	\$1,431.76
	06/18/2018	Interest Assessed	\$639.27
		Unpaid Balance With Interest as of 11/19/2018	\$15,854.43
2011	12/24/2012	Tax Assessed	\$18,868.00
	12/24/2012	Failure to Pre-Pay Tax Penalty	\$93.00
	12/24/2012	Late Filing Penalty	\$522.63
	12/24/2012	Late Payment Penalty	\$261.31
	12/24/2012	Interest Assessed	\$124.69
	06/16/2014	Late Payment Penalty	\$987.19
	06/16/2014	Interest Assessed	\$304.45
	06/19/2017	Late Payment Penalty	\$464.56
	06/19/2017	Interest Assessed	\$836.60
	06/18/2018	Interest Assessed	\$392.56
		Unpaid Balance With Interest as of 11/19/2018	\$9,735.90

2012	12/23/2013	Tax Assessed	\$21,685.00
	12/23/2013	Failure to Pre-Pay Tax Penalty	\$70.00
	12/23/2013	Late Filing Penalty	\$1,650.60
	12/23/2013	Late Payment Penalty	\$330.12
	12/23/2013	Interest Assessed	\$188.07
	06/16/2014	Late Payment Penalty	\$403.48
	06/16/2014	Interest Assessed	\$138.71
	06/19/2017	Late Payment Penalty	\$1,320.48
	06/19/2017	Interest Assessed	\$1,063.76
	06/18/2018	Interest Assessed	\$527.46
		Unpaid Balance With Interest as of 11/19/2018	\$13,081.66
2013	11/24/2014	Tax Assessed	\$31,323.00
	11/24/2014	Late Payment Penalty	\$323.79
	11/24/2014	Interest Assessed	\$199.64
	06/19/2017	Late Payment Penalty	\$2,482.38
	06/19/2017	Interest Assessed	\$1,049.00
	06/18/2018	Interest Assessed	\$635.21
		Unpaid Balance With Interest as of 11/19/2018	\$15,753.92
2015	11/21/2016	Tax Assessed	\$16,593.00
	11/21/2016	Failure to Pre-Pay Tax Penalty	\$55.00
	11/21/2016	Late Payment Penalty	\$252.92
	11/21/2016	Interest Assessed	\$153.86
	06/19/2017	Late Payment Penalty	\$379.38
	06/19/2017	Interest Assessed	\$157.86
	06/18/2018	Late Payment Penalty	\$758.76
	06/18/2018	Interest Assessed	\$314.47
		Unpaid Balance With Interest as of 11/19/2018	\$8,763.91
2016	11/20/2017	Tax Assessed	\$20,625.00
	11/20/2017	Failure to Pre-Pay Tax Penalty	\$188.00
	11/20/2017	Late Payment Penalty	\$484.68
	11/20/2017	Interest Assessed	\$294.31
	06/18/2018	Late Payment Penalty	\$787.60
	06/18/2018	Interest Assessed	\$333.59
		Unpaid Balance With Interest as of 11/19/2018	\$15,113.86
Unpaid Balance with Interest as of 11/19/2018			\$468,422.09

4. On or about the dates described in paragraph 3, above, a delegate of the Secretary of the Treasury properly gave notice of those assessments to Michael Schulze and Kathleen Schulze, and made a demand for payment of the balance due upon them.

5. Despite such notice and demand, Michael Schulze and Kathleen Schulze have failed, neglected, or refused to pay the liabilities set forth above in full and, after taking into account all abatements, payments, credits, and accruals, Michael Schulze and Kathleen Schulze remain jointly liable to the United States for the unpaid balance due in the amount of \$468,422.09, plus interest and other statutory additions from and after November 19, 2018.

6. This action is timely commenced under the provisions of the Internal Revenue Code as Michael Schulze and Kathleen Schulze have previously filed for bankruptcy, the effect of which was to suspend the ten-year statute of limitations for collection.

7. Pursuant to 26 U.S.C. § 6330(e)(1), the running of the ten-year statutory period of limitations for collection of tax provided in 26 U.S.C. § 6502 was suspended and extended for, *inter alia*, tax years 2000 and 2004, by Michael Schulze and Kathleen Schulze's filing of a bankruptcy proceeding in the United States Bankruptcy Court for the Northern District of Illinois. Specifically, Michael Schulze and Kathleen Schulze filed the proceeding on September 21, 2012, and the case was dismissed on December 12, 2012. As a result of this filing, the statutory period of limitations for these tax periods was extended for 83 days, plus an additional 6 months pursuant to 26 U.S.C. § 6503(h).

8. Pursuant to 26 U.S.C. § 6330(e)(1), the running of the ten-year statutory period of limitations for collection of tax provided in 26 U.S.C. § 6502 was further suspended and extended for, *inter alia*, tax years 2000 and 2004, by Michael Schulze and Kathleen Schulze's filing of a bankruptcy proceeding in the United States Bankruptcy Court for the Northern District

of Illinois. Specifically, Michael Schulze and Kathleen Schulze filed the proceeding on April 15, 2014, and the case was dismissed on June 12, 2014. As a result of this filing, the statutory period of limitations for these tax periods was extended for 59 days, plus an additional 6 months pursuant to 26 U.S.C. § 6503(h).

9. Pursuant to 26 U.S.C. § 6330(e)(1), the running of the ten-year statutory period of limitations for collection of tax provided in 26 U.S.C. § 6502 was further suspended and extended for, *inter alia*, tax years 2000 and 2004, by Michael Schulze and Kathleen Schulze's filing of a bankruptcy proceeding in the United States Bankruptcy Court for the Northern District of Illinois. Specifically, Michael Schulze and Kathleen Schulze filed the proceeding on September 23, 2014, and the case was dismissed on January 28, 2015. As a result of this filing, the statutory period of limitations for these tax periods was extended for 128 days, plus an additional 6 months pursuant to 26 U.S.C. § 6503(h).

WHEREFORE, the plaintiff United States of America prays that:

A. The Court enter judgment in favor of plaintiff United States of America and against defendants Michael Schulze and Kathleen Schulze, jointly and severally, for unpaid federal income taxes, interest, and penalties for tax years 2000-2013 and 2015-2016, in the total amount of \$468,422.09, plus statutory additions accruing from and after November 19, 2018, including interest pursuant to 26 U.S.C. §§ 6601, 6621, and 6622, and 28 U.S.C. § 1961(c); and

B. The Court award the United States of America such further relief, including the costs of this action, that the Court deem just and proper.

Respectfully submitted,

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